

Commonwealth of Massachusetts  
Department of Telecommunications and Energy  
Fitchburg Gas and Electric Light Company  
Docket Nos. D.T.E. 02-24 and D.T.E. 02-25  
Responses to the Department's Third Set of Information Requests

---

**Request No. DTE 3-9:**

Refer to FGE-MHC-5 (Electric) at 4. Please provide all workpapers, calculations, assumptions, etc. used to derive the test year allocation by Unitil Service Corp of 41.2 percent ( $\$1,364,335 \div \$3,311,064$ ) of its total capitalized charges to the Company.

**Response:**

Per Exh. FGE-MHC-5 (Electric), Unitil Service Corp. ("USC") charged the Company \$7,464,049 during the test year. Of this amount, \$1,364,335 was capitalized by the Company. All USC charges to the Company are listed on the monthly invoice to the Company by USC for services rendered. A schedule of the 12 monthly amounts of capitalized USC charges to the Company in 2001 is provided as Attachment DTE 3-9. The total is \$1,364,335.

All USC charges on the monthly invoice are classified according to actual USC direct labor hours worked in any given month. Each month USC employees enter their time cards and they identify: the amount of direct labor hours worked on a particular task, designated by Job Order Numbers ("JON's") in the USC Time & Billing system, and the particular client company (i.e. FG&E) for which the work was performed. Certain JON's are designated as activities related to capital projects. Other JON's are expense-related activities.

In preparing the monthly USC invoice, the amount of direct labor hours worked on "capital" type JON's is compiled. Indirect labor and overheads are then allocated based on the amount of direct labor volume, the Company's annual construction budget or Total Utility Plant balances. This allocation comes from the system-wide allocators of USC's costs for all subsidiaries (as approved by the SEC allocation formula), reflects the pass through of USC costs without profit, and is consistent with the manner in which USC costs are allocated to FG&E in general, not just the electric division. When the USC invoice is presented for payment each month, the amount of charges to be capitalized is displayed in the invoice.

Copies of the 12 USC invoices to the Company for 2001 and an audit report analyzing the compilation of total USC costs billed to the Company are included in my Testimony in Exhibit FGE-MHC-5 (Electric). They total up to \$7,464,049.

**Person Responsible:** Mark H. Collin